

Message Text

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TO USMISSION OECD PARIS

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FOLLOWING REPEAT NATO 00574 ACTION SECSTATE 02 FEB 77

QUOTE

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E.O. 11652: NA

TAGS: AORG NATO

SUBJECT: NORTH ATLANTIC COUNCIL CONSIDERATION OF PENSION SCHEME
AND SALARY ADJUSTMENT REPORTS

REF: A. USNATO 0496

B. PO/77/13, 14, 17

C. 76 OECD PARIS 34152

D. 76 OECD PARIS 35476

SUMMARY: ALLIED BUDGET OFFICERS REVIEWED REPORTS
REF B. WE RECOMMEND DISAPPROVAL OF SUB-PARAGRAPHS (H)
AND (I), AND REQUEST GUIDANCE FOR SUB-PARAS (J)
AND (L), OF PARA 13 OF PO/77/13 (PENSION SCHEME);
RECOMMEND REFERRING PO/77/14 (AMENDMENTS TO CIVILIAN
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PERSONNEL AND PROVIDENT FUND REGULATIONS) TO NATO
CIVIL AND MILITARY BUDGET COMMITTEES FOR REVIEW; AND
RECOMMEND APPROVAL OF PO/77/17 (SALARY ADJUSTMENT REPORT).
END SUMMARY.

1. BUDGET OFFICERS FROM CANADA, FRANCE, FRG, ITALY,
NETHERLANDS, UK AND US DELEGATIONS MET JANUARY 31 TO

REVIEW REFERENCED REPORTS (REF B) WHICH ARE ON NAC AGENDA
FEB 10. COMMENTS FOLLOW:

2. PO/77/13, PARA 13

-- SUB-PARA (H): ARTICLE 53 OF 127TH REPORT,
PENSION SCHEME RULES, STATES: "THESE RULES SHALL ENTER
INTO FORCE ON 1ST JULY, 1974." OTHER ORGANIZATIONS
ACCEPTED THIS DATE. GRANTING NATO EMPLOYEES AND EXCEPTION
TO THE EFFECTIVE DATE WOULD BE TREATING THEM DIFFERENTLY
FROM THOSE OF OTHER CCG ORGANIZATIONS, AND MIGHT
ENCOURAGE EMPLOYEES OF THOSE OTHER ORGANIZATIONS TO
REQUEST A SIMILAR EXCEPTION.

NATO CONTRACTS SIGNED SINCE JULY 1974 CONTAINED
FOLLOWING PARA 6: "THE NATO PROVIDENT FUND AND
SOCIAL INSURANCE REGULATIONS WILL APPLY TO THE PRESENT
CONTRACT AND YOU WILL BE REQUIRED TO CONTRIBUTE TO
THESE SCHEMES. HOWEVER, IF THE NORTH ATLANTIC COUNCIL
CONFIRMS ITS APPROVAL IN PRINCIPLE TO REPLACE THE
PROVIDENT FUND BY A PENSION SCHEME, YOU WILL, SHOULD
THE COUNCIL SO DECIDE, BE AFFILIATED TO THE LATTER
UNDER SUCH CONDITIONS AND AS FROM THE DATE SET BY THE
COUNCIL."

ALL ALLIED REPS AT MEETING RECOMMENDED DISAPPROVAL
OF (H). WE BELIEVE WE SHOULD JOIN ALLIED REPS IN
RECOMMENDING DISAPPROVAL. REQUEST GUIDANCE.

(FYI: KUNZIG, NATO DIRECTOR OF ADMINISTRATION/
PERSONNEL, HAD REQUESTED CCG CHAIRMAN MASSBERG'S (FRG) HELP IN
WINNING APPROVAL OF SUB-PARAS (H) AND (I) ON
BASIS THAT MANY EMPLOYEES HIRED SINCE 7/1/74 HAD
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OBTAINED LOANS FROM THE PROVIDENT FUND AND WOULD HAVE
TO REFUND UNPAID BALANCE IMMEDIATELY IF (H) NOT
APPROVED. END FYI.)

-- SUB-PARA (I): SPECIAL CONSIDERATION BEING
SOUGHT FOR NAMMA (NATO MULTI-ROLE COMBAT AIRCRAFT
DEVELOPMENT AND PRODUCTION MANAGEMENT AGENCY) EMPLOYEES
IN GERMANY. THERE ARE OTHER NATO CIVILIAN PERSONNEL
IN GERMANY WHO WOULD EXPECT SIMILAR PRIVILEGE OF
CHOOSING BETWEEN TWO FUNDS. SINCE EMPLOYEES SHOULD
BE TREATED EQUALLY, ALL REPS AT MEETING RECOMMENDED (I) BE
DISAPPROVED.

-- SUB-PARA (J): CANADA AND US HAVE SPECIAL
ARRANGEMENTS UNDER OTTAWA AGREEMENT, ARTICLE 19. AN
AMERICAN CITIZEN EMPLOYEED MORE THAN 10 YEARS WITH
NATO OR OECD IS ENTITLED TO THE PENSION PLAN. FRG
REP RECOMMENDED CCG STUDY THIS QUESTION SINCE ALL
GOVERNMENTS CONTRIBUTE TO THE NATO/OECD BUDGETS. OTHER
DELEGATES FELT IT A CANADIAN/US QUESTION. WE HAVE
BEEN UNABLE TO OBTAIN CANADIAN VIEWS. REQUEST GUIDANCE.

--SUB-PARA (L): THIS WOULD CHANGE MEANING
AND PURPOSE OF "CONCLUSIONS 34(F)" OF THE 127TH REPORT,
WHICH INSTRUCTED THE BUDGET COMMITTEE OF EACH
ORGANIZATION TO STUDY ITS INSURANCE SCHEMES, MAKE

RECOMMENDATIONS TO ELIMINATE OVERLAPPING BENEFITS
UNDER PENSION SCHEME AND TO INFORM COORDINATING
COMMITTEE OF FINDINGS. OECD, ESA AND WEU APPROVED
127TH REPORT AS IT STANDS. BELGIAN REP TO CCG
SPONSORED 34(F) INTH 127TH REPORT. REPS PRESENT AT MEETING
BELIEVED IF BELGIAN AMBASSADOR RAISED QUESTION, THE
OTHER AMBASSADORS WOULD RECOMMEND SUPPORTING ORIGINAL
STATEMENT. REQUEST GUIDANCE.

-- ARTICLE 40 OF PENSION SCHEME RULES: CANADIAN
REP ADVISED THAT WHEN THE REPORT AND RECOMMENDATIONS
ARE PRESENTED TO COUNCIL, THE CANADIAN AMBASSADOR
WOULD HANDLE THEIR RESERVATION ON ARTICLE 40 BY
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STATING: "CANADA IS PREPARED TO PROVIDE JOINT
GUARANTEE IN ARTICLE 40, PARA 2, SUBJECT TO THE
LIMITATIONS IMPOSED BY CANADIAN LAW." HE HOPED
ALLIES COULD ACCEPT THIS STATEMENT WITHOUT REQUESTING
CLARIFICATION, SINCE CLARIFICATION COULD COMPLICATE
AND DELAY CANADIAN ACCEPTANCE OF PENSION SCHEME.
(IN OECD, CANADA HAD SENT A MEMORANDUM CONCERNING
ARTICLE 40 AFTER THE MEETING. REFS C AND D.)

3. PO/77/14

RECOMMENDED THAT COUNCIL REFER THIS REPORT TO NATO
CIVIL AND MILITARY BUDGET COMMITTEES TO EXAMINE THE
FINANCIAL ASPECTS OF THESE PROPOED REGULATIONS AND
TO SEE WHETHER THEY CONFORM TO THE BASIC 127TH REPORT.
PRECEDENCE FOR SUCH A REVIEW WAS ESTABLISHED BY
PO/73/121, PARA 9 (II), WHICH READS: "AGREE
THAT THE DETAILED AMENDMENTS TO THE CIVILIAN PERSONNEL
REGULATIONS SET OUT IN ANNEXES I AND II BE TRANSMITTED
TO THE BUDGET COMMITTEES FOR ADVICE ON THEIR
FINANCIAL IMPLICATIONS BEFORE THEY ARE ADOPTED BY
COUNCIL .."

4. PO/77/17

WE RECOMMEND ACCEPTANCE WITHOUT CHANGES.

5. ACTION REQUESTED: GUIDANCE BY COB 2/7/77.

STRAUSZ-HUPE.
UNQUOTE VANCE.

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